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SUBJECT: NETHERLANDS/RUSSIA: FIRST STATE VISIT SINCE THE
CZAR

Classified By: Charge D'Affaires Andrew Schofer, reasons 1.4 (b,d)

11. (C) Summary: Described as the first Russian state visit to the Netherlands since Czar Nicholas II, the Dutch plan to receive Russian President Vladimir Putin on November 1-2 with full "pomp and circumstance." The MFA expects a positive visit with "good atmospherics" but little progress on substantive issues. Investment, energy, and the fight against terrorism will top the list of bilateral issues, although the Dutch hope to broaden the discussion to include human rights and integration of ethnic minorities. Putin's trip will highlight several Dutch-Russian cultural themes, although the recuperation of the Koenigs Collection remains a sore point. Foreign Ministers Bot and Lavrov also will meet on the margins to discuss a range of issues, including Belarus, post-Soviet frozen conflicts, the Balkans, and Iran. End Summary.

Nominal Putin Itinerary

12. (C) Henk Voskamp, Deputy Director of the MFA's Office of Southeast and Eastern Europe, told Poloff on October 26 that Putin's upcoming whirlwind visit to the Netherlands marks the first formal state visit by a Russian head of state since Czar Nicholas II. Putin will arrive in the Netherlands the morning of November 1 and spend the majority of the day in Amsterdam. Following the signing of a Road Transport Treaty, Putin will meet the mayor of Amsterdam and then have lunch with heads of industry. Putin will then visit the house in which Peter the Great resided during his years in the Netherlands, and end the day with a state dinner hosted by Queen Beatrix at Noordeinde Palace in The Hague. A bilateral meeting between PM Balkenende and Putin will take place on November 2, followed by a visit to the Peace Palace and the International Court of Justice (ICJ). (Note: Czar Nicholas II was instrumental in the formation of the ICJ. End note.) Putin will then depart the Netherlands in the early evening of November 2.

Investment and Energy

13. (C) On October 21, Rob Swartbol, PM Balkenende's Senior Foreign Policy Advisor, told Charge that investment and energy would be the two most important issues on the bilateral agenda for the visit. According to Voskamp, Russia considers the Netherlands its second largest investor, after Cyprus, but added that this perception might be a bit skewed as Russia views many multinational corporations with headquarters in the Netherlands and investments in Russia as "Dutch" companies. Nevertheless, Dutch investment in Russia is quite large, Voskamp said. (Note: Shell's Sakhalin II gas project may cost as much as USD 20 billion alone. End note.) Swartbol said Putin will try to make the case during the lunch with industry heads that Russia's investment climate has changed for the better. Voskamp said Putin also will argue that Russia's accession to the WTO conflicts with its bilateral investment treaty with the Netherlands. The Dutch strongly disagree on this, and will push Russia to take steps to better safeguard Dutch investments, Voskamp said.

14. (C) On energy, Voskamp noted that discussions continue on long-term deals between Gazprom and Dutch counterparts. He explained that these discussions are independent of the state visit, and while he did not expect any movement, these negotiations will provide "good atmospherics" for the visit. Voskamp did not expect Putin to "play the bilateral card" to divide EU members on energy issues during his visit. He suggested that Russia has been fairly predictable when it comes to energy issues as it seeks to obtain lucrative deals or to diversify transport routes.

Terrorism or Something Broader

15. (C) Voskamp said Putin has requested an exchange of views on fighting terrorism and religious extremism. Such a perfunctory exchange would have limited utility -- no one should doubt the Netherlands' commitment to fight terrorism, especially as Putin's visit falls on the one year anniversary of Theo Van Gogh's murder, he averred. He said the Dutch

welcome the exchange but suggested that PM Balkenende may attempt to broaden the discussion to include human rights, corruption, poverty, and discrimination -- issues that certainly feed terrorism and religious extremism in Chechnya.

Voskamp expected a continuation of Putin's tough message -- terrorists are terrorists -- which has proven popular with Russian voters. However, he pointed to recent statements in the Duma emphasizing the integration of ethnic minorities in the fight against terrorism; Balkenende might use these statements to try and broaden the discussion beyond a simple affirmation to fight terrorism.

16. (C) Swartbol also suggested that Balkenende may raise UN reform, Georgia, and reform progress in Ukraine in addition to the planned exchange on terrorism.

Cultural Issues

17. (C) Voskamp characterized the cultural aspect of Putin's visit as overwhelmingly positive full of "pomp and circumstance," albeit with one glaring sore spot. He said Russia has expressed appreciation for the Netherlands' role in promoting cultural exchanges and contributing toward the recent commemoration of St. Petersburg. He emphasized Dutch-Russian cultural ties, pointing to the branch of the Hermitage in Amsterdam, and noted that the Dutch have a good relationship with the highly-influential director of the Hermitage in Moscow.

18. (C) The sore spot involves restitution of the Koenigs Collection. (Note: Dutch businessmen Franz Koenigs collected 2671 drawings and paintings by old masters including Rubens. He lost the collection in 1940 when he was unable to repay a bank loan; the paintings were resold to various owners by the bank. A quarter of the collection was illegally taken by the Nazis out the Netherlands during World War II, and eventually ended up in Russia as war spoils. End note.) Voskamp explained that Russia has acknowledged the Dutch legal procedure regarding the return of the stolen art, and even informally agrees that the Dutch have a strong legal case. However, Russia continues to view the collection as German -- and not Dutch -- and therefore is not obligated to return the collection to either the Netherlands or a former enemy combatant such as Germany. Voskamp suspected that Putin would continue to stress sensitivity in the matter, and doubted any resolution would be achieved during the visit.

Lavrov-Bot Bilat: Belarus, Frozen Conflicts, Balkans, Iran

19. (C) During Putin's visit, Foreign Ministers Lavrov and Bot will also meet to discuss Belarus, "frozen conflicts" in the post-Soviet states, and Iran. (Note: Bot and Lavrov last met on the margins of the UNGA in September, and earlier during Lavrov's visit to the Netherlands in June 2005. End note.) Voskamp noted that the Netherlands hoped to coordinate further with Washington on a strategy with Belarus, but added that the EU was split over engaging Russia on the question of further sanctions. He doubted much progress would be made during the visit. Voskamp was more optimistic that Russia might be cooperative regarding Transnistria, suggesting resolution of the conflict was a common EU-Russia goal.

110. (C) On the Balkans, Voskamp noted that the Russians often draw parallels "with a smile" between Transnistria and the final status question in Kosovo. He said that Dutch policy on the Balkans should be viewed in conjunction with the EU's policy, and referred to the importance of the Eide report. The Russian position on Kosovo seems very clear, he said: while Moscow did not want to block progress on the comprehensive review, progress should nevertheless be determined by benchmarks and results -- and not an artificial timetable.

111. (C) Voskamp anticipated a "clear cut" discussion on Iran as Moscow obviously has commercial interests to protect. He said the Netherlands fully supports the efforts of the EU3; a "clear case" of non-compliance should be referred to the UNSC. While Russia has supported the threat of referring Iran to the UN Security Council, Voskamp noted the Russians are afraid an actual referral would only serve to bolster the regime in Tehran and possibly lead to regional instability.

112. (C) Voskamp said Bot might raise Uzbekistan, and that the Netherlands and the United States share the same analysis of the political situation in Central Asia. He added that the Netherlands tends to look more closely at Kazakhstan due to its stronger political and commercial presence. But it was also clear that Moscow supports actions by the Uzbek government as consistent with its own efforts to fight terrorism. Voskamp doubted Georgia would be raised, and Ukraine only tangentially.